



VIA FEDERAL EXPRESS

November 12, 1996

Office of the Secretary
Federal Communications Commission
Room 222
1919 M Street, NW.
Washington, D.C. 20554

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Re: CC Docket No. 92-77; In the Matter of Billed Party Preference for InterLATA 0+ Calls

Dear Sir/Madam:

Enclosed herein for filing please find an original and four (4) copies of the Comments of U.S. Long Distance, Inc. ("USLD") to the Commission's request for Further Comment in the Second Further Notice of Proposed Rulemaking in the above referenced proceeding. Public Notice of the Commission's request was dated October 10, 1996, and the deadline for Comments therein established is November 13, 1996, with replies due by December 3, 1996.

Please date stamp the enclosed copy of this letter for verification of your receipt and return it to the undersigned in the postage paid envelope provided. Please contact the undersigned with any related questions or requests. Your courtesies are greatly appreciated.

Sincerely,

Kenneth F. Melley, Jr.
Vice President of Regulatory Affairs

enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In The Matter of)

Billed Party Preference for)
InterLATA 0+ Calls)
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CC Docket No. 92-77

REQUEST FOR FURTHER COMMENT
SECOND FURTHER NOTICE OF PROPOSED RULEMAKING

COMMENTS OF U.S. LONG DISTANCE, INC.

SUMMARY

1. Are there any industries in which price disclosure to consumers at the point of purchase is not the normal practice? If so, what are those industries and what are the particular circumstances surrounding the developments of those industries?

USLD points out the similarities with the AOS industry and the following services;

(a) Federal Communications Commission Filing Fees; (b) most municipal taxing authorities, utilities such as gas, water and electric service providers; (c) Medical and Dental Services, Veterinary Services; (d) many restaurants; most taverns and saloons; (e) Legal Services; (f) many Taxi Cab Services; (g) Automobile and Appliance Repair; most Home Repair providers such as Plumbers and Electricians; (h) nearly all the telecommunications services currently provided in the United States.

2. What kinds of technologies (including payphone equipment and associated software) are currently available to provide on-demand call rating information for calls from payphones, other aggregator locations, and phones in correctional institutions that are provided for use by inmates? Commenters should discuss the anticipated declining cost of these technologies, assuming wide-spread demand for these services.

USLD is not familiar with current technology that would allow it to automatically announce the charges applicable on each operator assisted call it carries.

3. Are there any telecommunications markets outside of the U.S. that already make use of price disclosure prior to call completion, for example, in the U.K.? If so, please provide the technological and financial details behind the implementation of these services and any indication as to the costs and benefits from the perspective of consumers.

USLD does not provide operator services in other countries.

4. Some commenters have claimed that price disclosure prior to call completion would create an unacceptable delay to consumers. Are there studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumer satisfaction or dissatisfaction with 0+ services provided in this fashion?

Common sense dictates that consumers prefer less delay in call set up and processing as opposed to more. Furthermore, USLD offers statistics from its own call center that validate this position.

5. If some or all of embedded base equipment and software are incapable of providing audible notice to consumers for on-demand call rating, what time period would be reasonable for substituting equipment and software that is capable of doing so?

In CC Docket 90-313, the Commission afforded hotel and motel PBX owners six years to implement 10-XXX-0+ unblocking. Carriers may be ready to implement such changes within twelve months.

6. What percentage of interstate 0+ calls do calls from correctional institutions constitute, both in quantity and dollar volume, over the last five years?

USLD does not currently provide operator services to inmate facilities, nor has this industry component ever represented a significant portion of USLD's marketing efforts.

7. What effects, if any, will the recent Report and Order in *In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have in this proceeding?

The introduction of new revenue to private pay telephone owners without commensurate increases in the cost of providing that service may ease the revenue demand on commissions from AOS calls carried by the presubscribed operator service provider. However, the impact would not be readily measured until such time as the market adjusts to the referenced Orders. Therefore, USLD believes it would be imprudent to propose supposedly concurrent regulations until such time as the impact is measurable.

INTRODUCTION

U.S. Long Distance, Inc. ("USLD") is a competitive telecommunications provider authorized to provide telecommunications services, including alternate operator service, ("AOS") on a local, intraLATA, interLATA, intrastate, interstate and international basis throughout the United States. USLD has been providing AOS service since 1986, and has been a party to this and other related proceedings since 1988. USLD is currently authorized to provide AOS service in 47 states. USLD is a member of the trade association CompTel and has expressed its total support on many occasions for the CompTel proposal set forth by the CompTel Coalition ¹ on March 8, 1995. USLD continues to support the initiatives proposed by its trade organization and, in responding herein to the Commission's Second Request for Comment in the Second Further Notice of Proposed Rulemaking ("SRCSFNPRM"), responds accordingly to the specific questions set forth by the Commission.

The Commission formerly sought comment on a proposal to require rate announcements on AOS calls when such rates exceed 115% of the composite rate for operator services charged by AT&T, MCI and Sprint. ² USLD, in its comments, found the proposal set forth in the SFNPRM to be unworthy of further consideration for a multitude of reasons. Rather than reiterate those reasons which are already a part of the record in this proceeding, USLD adds to those facts by showing that a number of industries assess charges after the point-of-sale, that the cost of implementing a system

¹ Second Further Notice of Proposed Rulemaking - CC Docket 92-77, rel. June 6, 1996 ("SFNPRM"), paragraph 11.

² SFNPRM, rel. June 6, 1996.

such as that proposed in the SFNPRM are unknown and immeasurable at this time, and the observation that other countries are rarely held out as examples by which the United States has formulated its public policy on telecommunications. Furthermore, USLD provides statistics about the relationship between call processing time and the incidence of call abandonment. Finally, USLD stresses that such a proposal, unless implemented in a non-discriminatory manner such that all carriers would be required to provide charge information, would be discriminatory and counteractive towards the Commission's goal of providing consumers with greater information prior to placing a call.

COMMENTS

RESPONSES TO FCC QUESTIONS

1. Are there any industries in which price disclosure to consumers at the point of purchase is not the normal practice? If so, what are those industries and what are the particular circumstances surrounding the developments of those industries?

Presuming the Commission is referring to price disclosure that is neither "oral" nor in print and affixed in some manner to the product or the product reference material, U.S. Long Distance, Inc. ("USLD") offers the following industries as qualified to the classification set forth in this first question. Some of these industries are;

- a. Federal Communications Commission Filing Fees
- b. most municipal taxing authorities, utilities such as gas, water and electric service providers
- c. Medical and Dental Services, Veterinary Services
- d. many restaurants; most taverns and saloons
- e. Legal Services
- f. many Taxi Cab Services
- g. Automobile and Appliance Repair; most Home Repair providers such as Plumbers and Electricians.
- h. nearly all the telecommunications services in the United States

Federal Communications Commission Filing Fees were raised by \$35 to \$600 per tariff filing. USLD, a telecommunications carrier since 1988 and holder of FCC 214 authority since 1989, was not notified either of the proposal to raise these rates, or the fact that the rates had increased, until after the changes were made and a revised version of the

USLD interstate tariff was returned for insufficient funds. Certainly, the increase in filing fees would have been provided to USLD upon request, as are operator service charges from aggregator telephones made available to requesting callers, but this increase was not in any way disclosed at USLD's "point of purchase."

Most municipal taxing authorities, as well as the public utilities such as gas, water and electric service providers, assess a volume sensitive rate for services provided during a prior period. For example, once a county has levied its property tax, the property owner is already legally liable. The municipality does not inform the property owner before the beginning of each tax period what the level of charges will be and await the positive acceptance thereof on behalf of that owner. The municipality, as well as the regulatory agencies that regulate utility companies, simply assess their charges and inform post-assessment inquirers that the rates "were on file" or were "publicly available," which satisfies their obligation.

Medical and Dental Services as well as Veterinary Services are rendered at the request of the consumer without notification of charges at the "point of purchase." Medical and Dental bills are sometimes paid through an insurer, but are always billed after--the-fact. Very few people in an emergency room would stop the doctor from stitching a wound if the doctor was required by law to announce his rates beforehand. Not many pet owners would decline to learn the results of a Veterinarian's examination if the doctor was required to state his fees prior to issuing the diagnosis.

Many restaurants offer daily specials, usually without indication of the exact charge. Most taverns and saloons allow patrons to establish a "tab," such that charges for goods can be tallied, without any indication of the level of charges.

Legal services are rendered currently “ by the hour” in most firms, and a particular attorney’s hourly rate is usually made available prior to any contract for services. However, the amount of hours charged is ultimately at the discretion of the attorney, not the client, who does not have the ability to accurately project the number of hours of research that goes into a particular pleading, and is therefore billed after the “point of sale” at a volume which until the bill arrives was unknown.

Although Taxis are often equipped with a meter which shows the amount of charges as they are incurred, these charges are not made available to the consumer prior to their being incurred. Since charges for taxi service appear to be both distance and time sensitive, the taxi rider has no means of predicting the charges for the ride he has requested until the cab pulls up in front of the rider’s destination. Many times, additional flat fees are added at that point. The point of sale in the case of a taxi ride is the point at which the rider agrees to allow the driver to provide the ride. In that sense, prices are not disclosed at the point of sale.

Automobile and Appliance Repair are provided at the request of the consumer without mandatory up-front price announcements. Generally, the consumer authorizes the technician to perform the requested services and, in so doing, encumbers himself with the obligation to pay for the services requested. Also, most Home Repair providers such as Plumbers and Electricians arrive at one’s home at the request of the home owner, provide the requested services, then render a bill whose charges were, before then, unknown to the home owner.

Finally, and most importantly, nearly all the telecommunications services in the United States are provided to the caller without price disclosure at the point of sale. Rates

for these services are certainly available to the caller, in the contract, in the tariff, or by calling the customer service line provided by the carrier, but such rates are not provided to the caller each time they are assessed.

2. What kinds of technologies (including payphone equipment and associated software) are currently available to provide on-demand call rating information for calls from payphones, other aggregator locations, and phones in correctional institutions that are provided for use by inmates? Commenters should discuss the anticipated declining cost of these technologies, assuming wide-spread demand for these services.

USLD is not familiar with current technology that would allow it to automatically announce the charges applicable on each operator assisted call it carries. USLD presumably would route all such requests to a live operator station, as is the case currently under the FCC's existing rate quote rules, in order to meet the requirements proposed by the FCC in this Second Request for Comment. USLD would hope for the development of an industry solution by the automated call processing equipment manufacturers in terms of automating the rate quote process in order that USLD could maintain the efficiencies it has built up in a mostly automated operator service network today.

3. Are there any telecommunications markets outside of the U.S. that already make use of price disclosure prior to call completion, for example, in the U.K.? If so, please provide the technological and financial details behind the implementation of these services and any indication as to the costs and benefits from the perspective of consumers.

USLD does not provide operator services in other countries and therefore is unable to answer this question. USLD is also skeptical about holding out any foreign telecommunications network as being more advanced than the domestic, competitive long distance industry in the United States.

4. Some commenters have claimed that price disclosure prior to call completion would create an unacceptable delay to consumers. Are there studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumer satisfaction or dissatisfaction with 0+ services provided in this fashion?

Common sense dictates that consumers prefer less delay in call set up and processing as opposed to more. For this reason, carriers have historically invested significant time, effort and capital into minimizing this component of each call (for example, SS7, pulse-tone dialing, etc.). It is only logical that consumers will have a negative response to additional call delay, as they have grown accustomed conversely to an increase in efficiency over the years. If this were not the case, telecommunications providers would be providing advertising space during their call set-up time as an additional source of revenue, as opposed to investing serious resources to reduce the delay by mere fractions of a second.

USLD can state definitively that a measurable proportionate relationship exists between the hold time during call processing of an operator assisted call and the incidence of call abandonment. Specifically, as measured in its own call processing center, USLD found the following results over a four consecutive month test period during calendar year 1996:

	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>
% of calls processed within 30 seconds:	92.0%	93.0%	90.0%	89.0%
% of calls abandoned prior to processing:	4.5%	4.3%	4.7%	6.0%

As shown above, USLD experienced a 37.5% increase in call abandonment as a result of a 3% increase in calls exceeding a benchmark processing time. Whether or not any particular length of delay is “unacceptable” in the eyes of the consumer has not been measured, to the best of the knowledge of USLD. USLD shows that such dissatisfaction increases proportionately with an increase in the amount of delay, just as the increase in end user rates caused greater incidence of complaint in the research performed supporting the CompTel/APCC rate cap proposal in this proceeding.

5. If some or all of embedded base equipment and software are incapable of providing audible notice to consumers for on-demand call rating, what time period would be reasonable for substituting equipment and software that is capable of doing so?

In CC Docket 90-313, the Commission afforded hotel and motel PBX owners six years to implement 10-XXX-0+ unblocking.³ Many of the store-and-forward devices used today by such aggregators have similar investment life-spans to those granted the extended grace period referenced above. Carriers such as USLD would be required to re-program their internal call processing systems and depend partially upon certain equipment vendors for the development, testing and installation of new voice-prompts, operator terminal screen modifications, and call accounting systems. USLD believes that such internal systems could be in place and reliably applied within twelve months of the effectiveness of such an order. USLD urgently specifies, however, that non-uniform application of this requirement - such that certain carriers would be exempt from providing rate quote availability announcements for any reason concurrent with such a requirement being imposed upon that carrier's competitors - would skew the competitive market place in

³ 47 C.F.R. §64.704(c)(5)

such a way that would migrate a larger proportion of operator assisted calls to those carriers who are exempt from the requirement, defeating the purported purpose of such a rule, and rendering the disadvantaged carriers competitively incapacitated by virtue of regulation.

6. What percentage of interstate 0+ calls do calls from correctional institutions constitute, both in quantity and dollar volume, over the last five years?

USLD does not currently provide operator services to inmate facilities, nor has this industry component ever represented a significant portion of USLD's marketing efforts.

7. What effects, if any, will the recent Report and Order in *In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have in this proceeding?

The introduction of new revenue to private pay telephone owners without commensurate increases in the cost of providing that service may ease the revenue demand on commissions from AOS calls carried by the presubscribed operator service provider. In instances where the pay telephone owner believes that an otherwise uneconomical marginal decrease in AOS rates would result in a marginal increase in overall commissionable revenue, it is within reason to expect such rates to fall. However, if lower rates are not expected to stimulate greater volumes of traffic, AOS rates to pay telephone owners may not change. Industry participants cannot predict with any surety as to the expected trend of these charges in the near future. USLD suggests that a study period be established in order to examine the overall effects of the aforementioned proceedings on AOS services and rates. The Commission would have much greater and more reliable

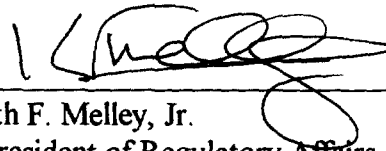
data from which it could reach the conclusions to these questions set out before the industry after, perhaps, a twelve month review period to examine the effects of the aforementioned proceedings upon the issues in this proceeding.

CONCLUSION

USLD strongly reiterates its unwavering support for the CompTel Coalition proposal filed with the Commission on March 8, 1995. This proposal does not require the FCC to rule on generic rates as they may apply to a wide range of carriers. This proposal has worked in other regulatory jurisdictions. This proposal is enforceable through simple modification of the LEC casual billing system. And the CompTel proposal is supported by the majority of participants in this proceeding.

In lieu thereof, USLD strongly implores that any branding requirement which may arise from this proceeding be imposed in a non-discriminatory manner, ubiquitously across all carriers regardless of their individual end user rates.

Respectfully submitted,



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